



March 8, 2006

Senator Tom George
320 Farnum Building
Lansing, MI 48909-7536

Dear Senator George:

The Kalamazoo Regional Chamber of Commerce, on behalf of its more than 3,000 member businesses, would like to register its support of Senate Bills 848 and 849.

As an organization heavily invested in supporting a positive economic environment and a high quality of life in the southwest Michigan region, the Chamber believes that establishing a healthy workforce and a healthy citizenry is fundamentally crucial to reducing health care costs in the future.

Too often, in the battle to keep health care costs affordable we have focused on the symptoms and not the cause – unhealthy people. An unhealthy population drives the demand for services up and is a strain on the health care system – which ultimately drives up costs. It is imperative that we address the root cause. Senator, this proposed legislation is a step in the right direction.

By building incentive programs into the insurance system that reward health wellness, maintenance or improvement programs put in place by organizations, we can make a difference in the overall health of Michigan's citizens. It is also important to note that these bills require measurable positive outcomes in order to qualify for these incentives. Which means progress toward our goal of a healthier workforce will be able to be tracked through tangible results.

The impacts of an unhealthy workforce for employers are skyrocketing insurance rates and reduced productivity. Unfortunately many employers are forced to discontinue coverage as it expands beyond their ability to afford. Ultimately, these uninsured workers must obtain their care somewhere, and these costs are passed on to all of us.

The Chamber is anxious to see this legislation move forward and is providing its full support to these forward-thinking bills.

Sincerely,

Martin D. Dodge,
Senior Vice President Business Advocacy and Communications

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The Detroit News

Tuesday, December 27, 2005

detnews.com

Employees told: Lose weight, cash in

■ To lighten their health care load, companies offer bonuses, fab trips, prizes to staffers who lose flab.

By SHARON TERLEP
The Detroit News

CLARKSTON — Looking to get some extra cash from the boss? Forget logging long hours, brokering that big deal or sucking up at the company holiday party.

Try dropping 20 pounds.

Employers have begun dangling big incentives, such as cash bonuses and paid days off, to encourage workers to lose weight. Clarkston-based Freedom One Financial Corp. is even handing out all-expenses-paid tropical vacations to employees who meet weight loss goals.

Pound-shedding payoffs are becoming more common as employers weighed down by soaring health care costs become increasingly preoccupied with slimming down their work force.

"It's actually selfish. When somebody feels good, they're healthy, they work harder and they're more focused," Mark Wayne, president and CEO of Freedom One Financial Corp., said while standing among iron-pumping employees working out at the company gym.

Obesity costs American companies \$66 billion in lost productivity caused by disability, illness and death, according to the Centers for

Please see Weight, Page 12A

TIPS TO HEALTHY LIVING
10 simple ways to boost your well-being. Section 8

CYBERSURVEY



Would you join a weight loss program if your employer offered it? Tell us at detnews.com/cybersurveys.



Employee Brenda Mjall, 46, uses the fitness facility at Freedom One Financial Corp., which also offers financial incentives for employees to shed pounds.

Charles V. Tines
The Detroit News

The Year in
REVIEW

2005

A year of fears, tears and upheaval in Michigan

Health tab

Weight

Continued from Page 14

Disease Control and Prevention. Considering the high toll, some employers are more than willing to pay for a healthier crew.

For those who do, the reward often is more than a cheaper health care bill. Employees in workplace weight loss programs tend to be more focused, cooperative and energetic, experts and employers involved in such programs say.

And for workers who have tried every fad diet and miracle pill to no avail, the peer pressure and camaraderie of workplace weight loss initiatives can be major motivators.

A 2003 study by the University of Glasgow in Scotland, one of the few done on the issue, found that more than half the participants in a 24-week weight-loss program at an oil refinery lost 5 percent of their original weight, and two-thirds were able to keep it off.

"At work, you're going to see people on a daily basis," said Susan Randolph, president of the Atlanta-based American Association of Occupational Health Nurses. "There's that daily pressure."

The concept is straightforward, but employers should keep a few things in mind, experts say.

Weight is a sensitive issue, so

programs should be sure to encourage progress, not punish the overweight. In Michigan, it's illegal to discriminate on the basis of weight.

It's also important to encourage overall healthy living and wellness, not just pounds lost. Programs that focus on one health aspect won't have a significant impact on overall health care costs, said A. Mark Fendrick, co-director of the University of Michigan's Center for Value-Based Insurance Design.

"They're better than nothing, but those programs don't work well," he said.

In the case of Financial One, nearly half of its 75 employees signed up for a weight loss challenge that runs through January.

It's the third such competition in about two years. The result has been hundreds of pounds lost by workers and a staff that's more focused and able to work together, Wayne said.

His crew is so healthy, he's considering scrapping the company's health coverage and paying employee health costs directly with a self-funded plan.

In the Financial One challenge, anyone who meets one of three goals will win a free trip.

To win, employees must shed 25 pounds, lose 15 percent of their body weight or reduce their body fat by 15 percent. They're helped by

for meeting fitness goals that vary by office. New Jersey-based Quest Diagnostics, with a laboratory in Auburn Hills, recently won an award from the National Business Group on Health for its wellness efforts, which also include incentives for weight loss.

And Blue Cross Blue Shield of Michigan recently wrapped up a contest called "Dump the Plump," that netted more than 3,600 in lost pounds among 530 employees.

Blues employees teamed up in groups of four to 10, assigning themselves names such as the "Lost and Pounders," "Downsizing Divas" and "Gut-less Wonders." Even employees who didn't need to lose weight signed on, often to help encourage co-workers during the 10-week competition. The \$2,500 prize, drawn from employee entry fees, was split among the six winning teams.

On one team, members handed out a rock engraved with an inspirational quote to the top achievers of the week.

"We took it very seriously," said Blues underwriter Cliff Englehart, 36, of Westland. "We still talk about those 10 weeks, and we talk about the rock."

You can reach Sharon Terlep at (313) 223-4686 or sterlep@detnews.com.



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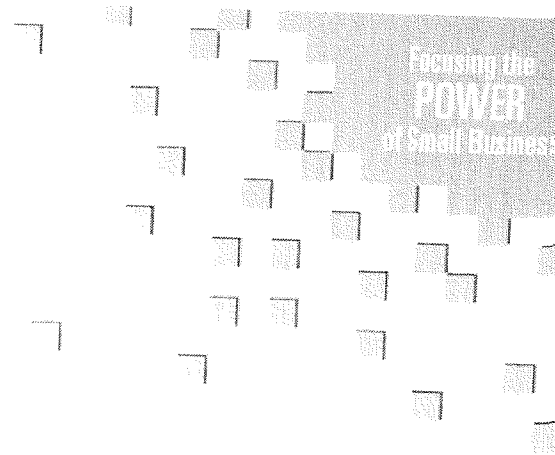
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WRITTEN TESTIMONY ON

SENATE BILLS 848 & 849

**HOUSE HEALTH POLICY COMMITTEE
LANSING, MICHIGAN**

**SUBMITTED BY
SCOTT LYON, VICE PRESIDENT, SMALL BUSINESS SERVICES**

SMALL BUSINESS ASSOCIATION OF MICHIGAN

MAY 23, 2006

Thank you for the opportunity to provide this written testimony regarding the SB 848 and 849. This testimony is submitted by Scott Lyon, Vice President of the Small Business Association of Michigan, often referred to as SBAM. We are a state based trade association representing over 5,000 small businesses from across Michigan. We have members in every type of business and in every Michigan county. For the purposes of today's testimony, it may also be helpful to know that we offer a small group health insurance program that covers over 4,000 businesses, 25,000 employees and over 75,000 covered individuals.

For context, I should give you a little bit of my background. I serve as Vice President of the association in charge of our Insurance Services area. Through this area we offer a sponsored Blue Cross & Blue Shield of Michigan and Blue Care Network health insurance program, Consumer Directed Health Plans and COBRA administration, and a variety of other services intended to lower the cost and administrative hurdles for the small business owner that many times get in the way of offering a high quality and competitive employee benefits package. I have worked for over 20 years at the intersection of small business advocacy, health insurance and legislation.

The Small Business Association of Michigan stands in support of SB 848 & 849. Access to affordable health insurance is the number one issue for small business owners in Michigan and across the country. The opportunity for a small business owner to earn a premium reduction or rebate or for the employee of a small business to lower their coinsurance, deductible or co-payment by participating in a wellness program provides an answer – for the first time to a question we get on a regular basis. That question is - what can I do to lower my health insurance cost? Today the answer is raise your deductible or

co-pays, or charge your employers more. My experience tells me that answer is getting old, and I see the results of not having a better answer everyday as fewer and fewer small businesses can afford to offer their employees health insurance coverage.

We recognize that health care costs too much. And while that may sound like an over simplification, consider that the average member of the Small Business Association of Michigan today spends roughly \$8,000 per employee per year on health insurance premiums. Think about it, for an employer whose average worker makes \$40,000 annually budgeting for a 3% wage increase amounts to a \$1,200, while a 12% premium increase consumes \$960 - or nearly all of the money available for that compensation increase. Given those numbers employers are left with few good choices. Everywhere you turn small employers say that their ability to maintain health insurance as an offered employee benefit is declining. The Kaiser Family Foundation reports that the number of all firms offering health benefits to their employees has fallen from 69% to 60% over the last five years and the number of working uninsured is increasing – especially in small businesses. For health insurance to remain as a viable employee benefit, we must find ways to take cost out of the system, as opposed to simply shifting who gets to pay for what. Senate Bills 848 & 849 will help pave the way for people to pay more attention to decisions they are making that impact their health – and hopefully their wallets and pocketbooks.

It is time that employers of all sizes, employees and their families, as well as politicians recognize that lifestyle choices are linked directly to health care costs, the frequency that health care services are consumed, and that health care costs and consumption drive health insurance premiums. According to a 2004 study commissioned by the Michigan Economic Development Corporation, “unhealthy lifestyles of Michigan citizens make them more vulnerable to coronary disease and diabetes, major factors that are driving up the cost of health care in Michigan.” The MEDC study compared Michigan with 17 similar or “benchmark” states. In this study, Michigan had the highest rates of death from coronary heart disease, ranked second for obesity and diabetes, and ranked sixth for smoking. What is the common thread that links these four health problems? To a great extent all are preventable or can be managed with proper diet, exercise and by following established protocols. Offering the right incentives can only help change the choices and therefore the rankings.

Thank you in advance for your attention and thoughtful consideration on this important topic.

LOCAL & STATE

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Plan ties insurance rates to behavior

Bill would authorize financial incentives for fit nonsmokers

By DAVID EGGERT
Associated Press

Insurance companies and HMOs in Michigan would be required to offer financial incentives that reward people for healthy behavior under legislation introduced Thursday in the state Senate.

Sen. Tom George, a Portage Republican and practicing phy-

sician, said the state is facing a public health crisis steeped in poor dieting, smoking and a lack of exercise. State law currently bars health insurance companies from offering incentives for good behavior — unlike life, auto and home insurers that can give premium reductions for things such as using an anti-theft device.

"Individuals who exercise, refrain from smoking and are compliant with treatment should see a benefit in their pocketbook,"



George

said George, who added that unhealthy behaviors are known to contribute to at least 25 percent of health care costs.

Under George's plan, employers or individuals buying health insurance could receive up to a 10 percent rebate for taking better care of themselves.

George said the legislation is aimed at helping smaller businesses that aren't big enough to self-insure. Self-insured companies have freedom to create incentive programs for their workers, though it's unclear how many are doing so.

A Lansing-area health benefits administrator gained attention

earlier this year after making it a firing offense to smoke, though that approach was tied to employment, not health insurance.

Companies wouldn't be required to purchase insurance coverage that rewards healthy living, George said.

Altarum, an Ann Arbor-based nonprofit research institute, released a 2004 study showing Michigan with high rates of obesity, diabetes, heart disease and smoking compared with other states. Overweight and obese people incur up to \$1,500 more in annual medical expenses than healthy individuals, according to the report.

George's legislation has been welcomed in the GOP-controlled Senate. Every Republican senator is co-sponsoring the two-bill package. A spokeswoman for Democratic Gov. Jennifer Granholm said the governor is interested in taking a look at the bills.

Richard Murdock, executive director of the Michigan Association of Health Plans, which represents HMOs, said the group wants to encourage healthy lifestyles.

"This is an area I think we can all come together on," said Murdock, who added that HMOs need to study specifics of the legislation.

